Government of Saskatchewan

Annual Report 1982 - 83

The Saskatchewan Beef Stabilization Board

Saskatchewan

Minister
of Agriculture

Legislative Building
Regina, Canada
S4S 0B3

(306) 565-5886

SASKATCHEWAN BEEF STABILIZATION BOARD

To His Honour,
The Honourable Frederick W. Johnson
Lieutenant Governor
Province of Saskatchewan

Sir:

I have the honour to submit herewith the Annual Report of the Saskatchewan Beef Stabilization Board for the twelve months ending March 31, 1983.

I have the honour to be, Sir,

Your obedient servant
Eric Berntson
Minister of Agriculture

Saskatchewan

Saskatchewan
Beef
Stabilization
Board

The Imperial Centre
309 Hoffer Drive
Regina, Canada
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SASKATCHEWAN BEEF STABILIZATION BOARD

Honourable Eric Berntson
Minister of Agriculture
REGINA, Saskatchewan

Dear Sir:

I am pleased to present herewith the Annual Report of the Saskatchewan Beef Stabilization Board for the twelve months ending March 31, 1983.

Respectfully submitted,
Boyd Anderson, Chairman
Saskatchewan Beef Stabilization Board

ANNUAL REPORT
OF THE
SASKATCHEWAN BEEF STABILIZATION BOARD
1982-1983

CHAIRMAN'S COMMENTS

This report covers the activities of the first complete fiscal year of the Saskatchewan Beef Stabilization Board. During the early months of operation the Board identified several problem areas and a number of modifications and additions were introduced which would allow the program to better serve the cattle producers of Saskatchewan. The contracts are now called the Cow Calf to Finish Market Insurance Program and the Feeder to Finish Market Insurance Program.

The original Cow Calf to Finish contract remains intact with a few minor adjustments. A producer is covered for up to 80% of his enrolled cow herd. The support level covers 100% of cash costs and 55% of non cash costs to a maximum of 200 head of finished cattle. The high costs of production, particularly interest rates, during 1981 and 1982 triggered high payouts during most of the year and increased the fund deficit. This caused the formula to push the levy from 4% to its maximum of 6% as of January 1, 1983.

The new Feeder to Finish contract replaced the "50 purchased feeder" option that accompanied the original contract. This program was introduced in October of 1982 and serves all residents of Saskatchewan who feed cattle within the province whether they are eligible for the Cow Calf to Finish contract or not.

The Feeder to Finish contract is funded by a levy of 1 to 3% (currently at 2%) and provides support for up to 5,000 head per operator per year to a maximum of three operators per production unit. Residents of Saskatchewan who are not classed as operators may be covered for up to 1,000 head per year. The support level is 100% of cash costs plus 50% of non cash costs.

As the cattle industry moved through another year of moderate beef demand and relatively high operating costs, payouts were triggered for each quarter in both programs. However, a short term upswing in the market during the April to June quarter brought cattle income very close to the support level.

As of March 31, 1983 there were 3,069 contracts in the Cow Calf to Finish program and 564 contracts in the Feeder to Finish program. These contracts covered 187,826 slaughter cattle representing 69.5% of the total Saskatchewan owned marketing of slaughter steers and heifers.

Except for brief periods of lower beef supplies and slightly higher prices, the next fiscal year shows no great promise for strong prices. The world economy is slow with a great deal of unemployment and under these conditions it appears that beef prices will have a difficult time rising above the current year's levels.

With these thoughts in mind it would appear that the market insurance programs will be again making major payments to producers to assist them through these difficult economic times.

Boyd Anderson
Chairman
Saskatchewan Beef Stabilization Board

BOARD PERSONNEL

BOARD OF DIRECTORS

Mr. Boyd Anderson, Chairman	Fir Mountain
Mr. J. W. (Bill) Marshall, Vice-Chairman	Prince Albert
Mr. Errol Cochrane	Fort Qu'Appelle
Mr. Lorne Cholin	Kerrobert
Mr. Rudy Jurke	Lloydminster
Mr. Bernard Kirwan	Gull Lake
Mr. Frank Lockwood	Davidson
Mr. Orville Thompson	Carnduff
Mr. Evans Thordarson	Mozart

STAFF

Ross Reynolds	General Manager
Stewart Stone	Comptroller
Harry Long	Marketing Manager
Jim Stalwick	Executive Assistant

The Board employed twelve full-time and six temporary staff in addition to those listed above as of March 31, 1983.

BOARD CHANGES

On June 29, 1983, Saskatchewan Agriculture Minister Eric Berntson announced the appointments of Mr. George Beilhartz of Prince Albert and Mr. W. G. (Bud) Morken of Sturgis to the Saskatchewan Beef Stabilization Board of Directors.

The appointments increased the Board of Directors to eleven members.

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OPERATIONS DATA

	1982/83
Total S.B.S.B. cattle marketings	187,826
Active Production Units	
Cow-Calf to Finish Market Insurance Plan	3,069
Feeder to Finish Market Insurance Plan	564
Weekly Volume Highlights (No. Head)	
High-Week ending August 20, 1982	5,310
Low-week ending April 8, 1982	1,944
Average Weekly Volume	3,463
Weekly Average RailGrade Price Highlights	
High-week ending May 28, 1982	$1.5382
Low-week ending December 24, 1982	1.1653
Total Saskatchewan Sales	270,170
S.B.S.B. % of Total Saskatchewan Sales	69.5%

Marketings by Destination

	Total Saskatchewan		S.B.S.B.	
Saskatchewan	158,320	58.6%	101,021	53.8%
Manitoba	88,832	32.9%	68,544	36.5%
Alberta	18,047	6.7%	17,469	9.3%
Ontario	4,539	1.7%	710	0.4%
U.S.A.	378	.1%	82	-
Others	54	-	0	-
Total	270,170	100.0%	187,826	100.0%

OPERATIONS 1982-83

The Saskatchewan Beef Stabilization Board has just completed the first full year of operation and has attempted to make advances in all areas of it's responsibility.

The main areas of responsibility for the Saskatchewan Beef Stabilization Board are Contract Administration, Marketing, Accounting and Stabilization.

A total of 3,069 production units were registered under the Cow-Calf to Finish program representing approximately 4,800 producers. A further 564 contracts had been accepted for the Feeder to Finish program.

A breakdown of herd sizes registered under the Cow Calf to Finish program were as follows:

1 - 10 cows = 11%
11 - 25 cows = 32%
26 - 50 cows = 29%
51 - 100 cows = 18%
101 - 200 cows = 7%
201 - 200 cows = 3%
501 - 1000 cows = less than 1%

With the establishment of the Feeder to Finish program and an intensive review of the Cow Calf to Finish program through the fall of 1982 a series of newsletters was initiated to inform producers of the regulations in effect.

This was followed by 30 public meetings throughout the province by Board staff to explain in some detail how the programs worked.

A part time field staff make on farm visits to approximately 25% of the contract holders each spring. They assist in verifying contract conditions and help producers to better understand the programs.

The percentage, by grade, for all Saskatchewan steer and heifer slaughter cattle was approximately 90% - A, 3% - B and 6% - C with C grades being mainly young cows.

The majority of Board cattle are marketed on a rail-grade basis by a daily sealed bid system. Some smaller loads of cattle are delivered direct to plant with prearranged kill dates and daily established prices. Approximately 4% of the contract cattle are sold direct to local abattoirs: the two major Saskatchewan packing plants buy slightly over 50% of total Board sales with Manitoba purchasing 36%, Alberta 9% and the balance moving into Ontario and the United States when prices warrant.

For the final quarter of the year support levels applied to A and B grade cattle only. The C grade, which was originally covered, was dropped from the plan on January 1, 1983.

During the 1982-83 fiscal year the Saskatchewan Beef Stabilization Board marketed 187,826 head or 69.5% of the total Saskatchewan owned slaughter steers and heifers. Total Saskatchewan slaughter steers and heifers were 270,170 for this fiscal year for an increase of 30% over fiscal 1981-1982.

The average weekly volume was 3,463 head with the weekly high of 5,310 at August 20, 1982 and a weekly low of 1,944 at April 8, 1982.

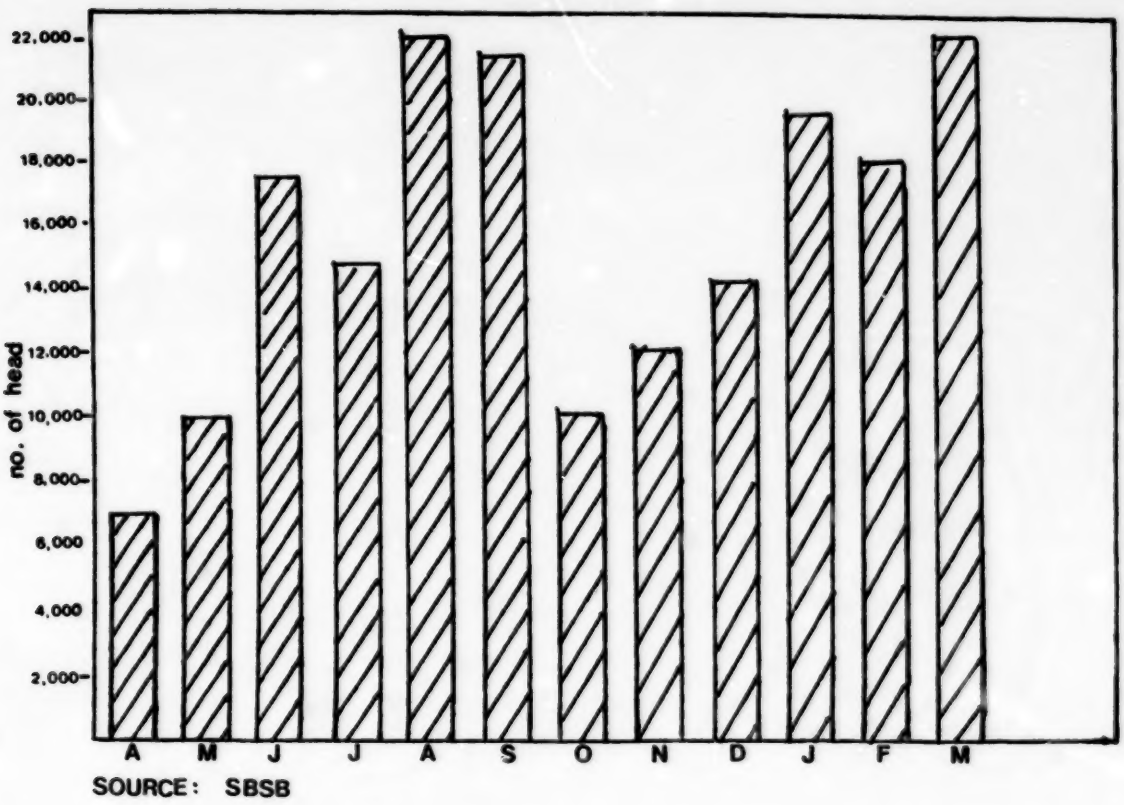
The weekly average rail grade prices ranged from a low of 1.1653 at December 24, 1982 to the high of 1.5382 at May 28, 1982.

The Board continues to try new methods of assembling and marketing cattle. The sealed bid system regularly attracts bids from Saskatchewan, Manitoba, Alberta, Ontario and the United States representing about twenty packing houses. Some authorized live sales may be a possibility in the following year once the Board has had an opportunity to study the regulations to see what procedures could be followed.

In order to improve service and to meet the increasing demands associated with growing producer participation, the Board is currently developing an in-house computer system. This system will be designed to communicate with other systems throughout the province and across the country thus giving better access to markets and more efficient returns to producers.

In January of 1983 the Saskatchewan Beef Stabilization Board transferred its offices to 309 Hoffer Drive, Regina.

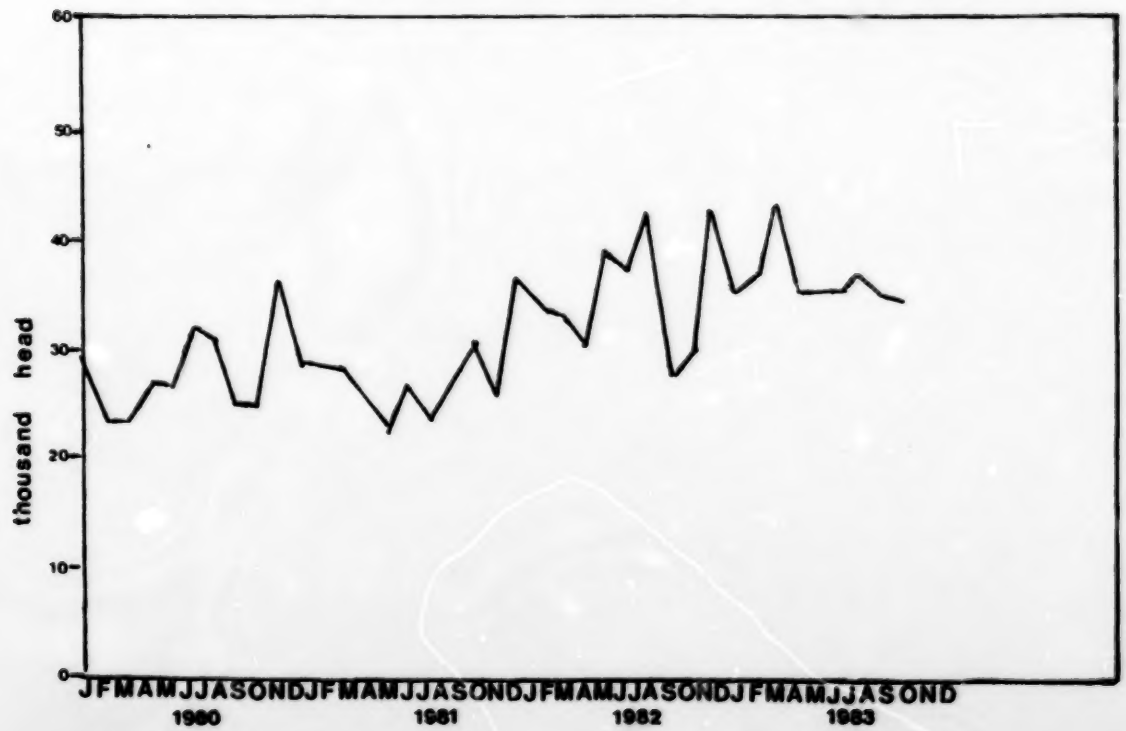
1982-83 MARKETINGS BY MONTH



SOURCE: SBSB

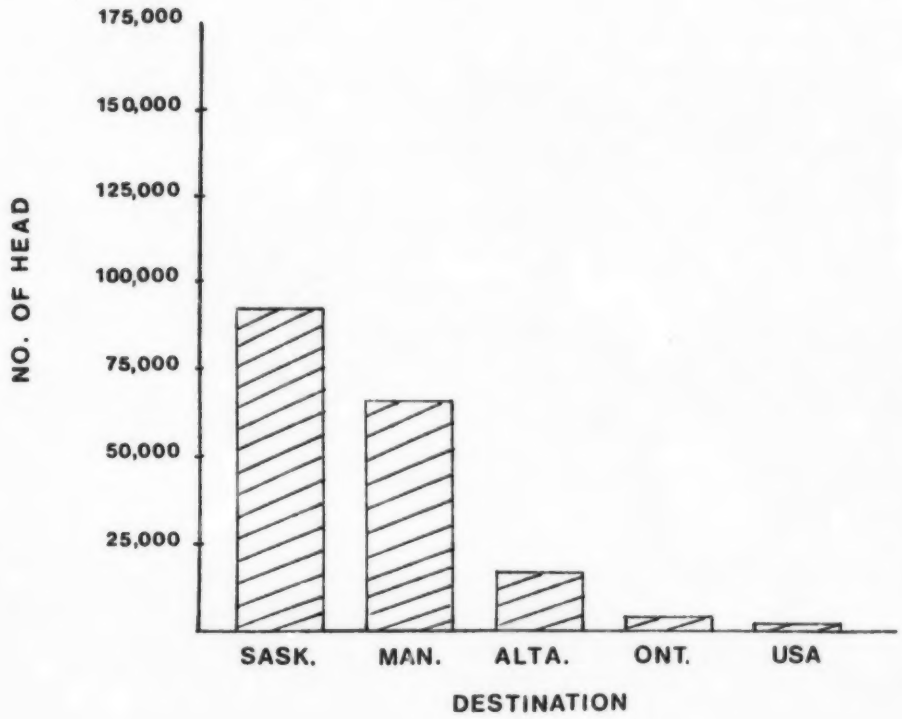
1980-1983

SASKATCHEWAN MONTHLY SLAUGHTER CATTLE MARKETINGS



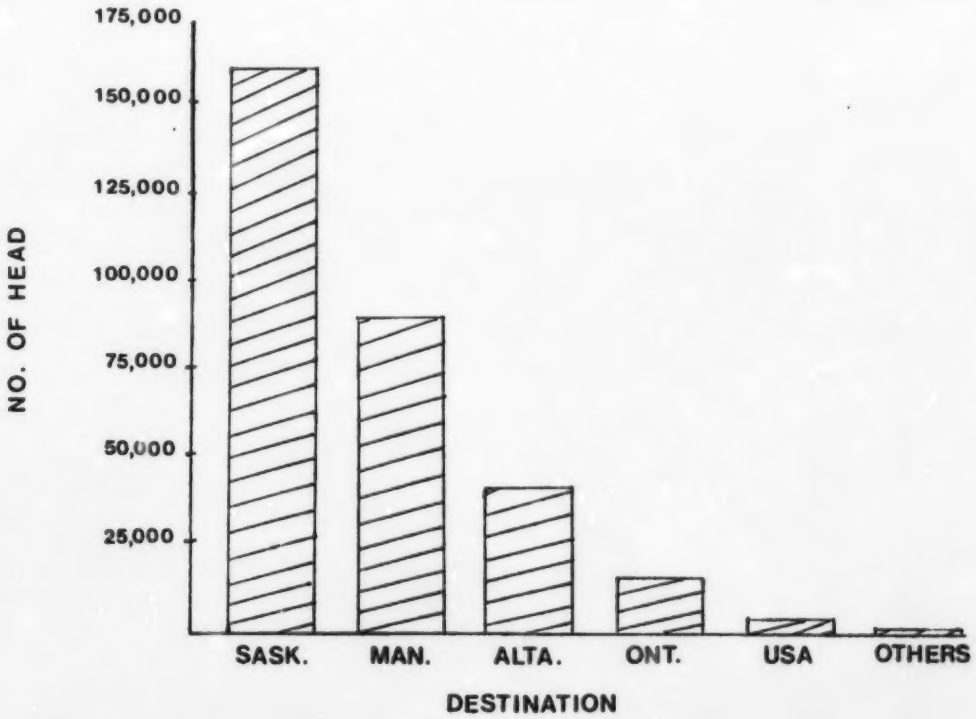
SOURCE; SASKATCHEWAN CATTLE MARKET REPORT

VOLUME OF S.B.S.B. CATTLE BY DESTINATION - 1982 83



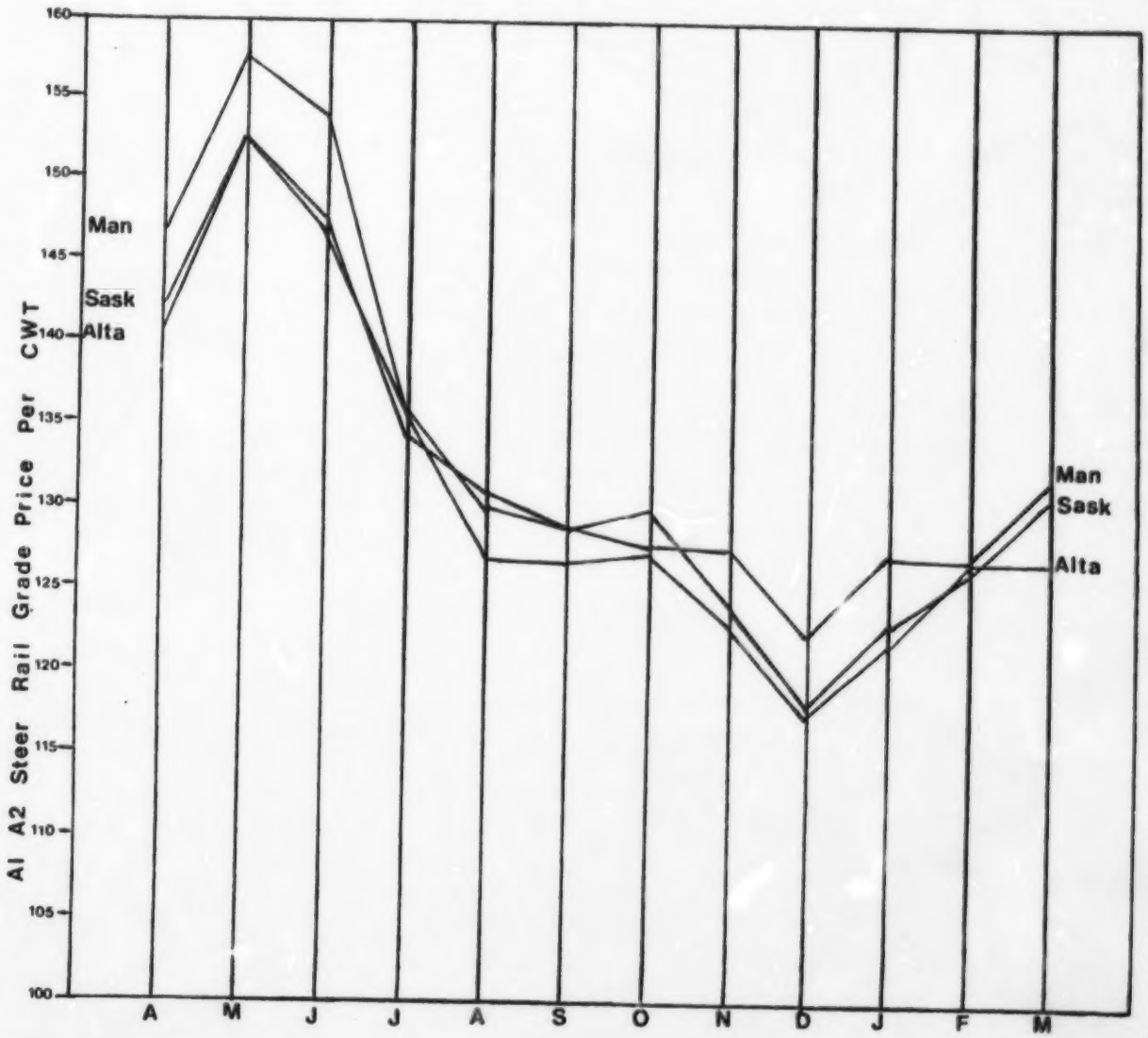
SOURCE: S.B.S.B.

TOTAL VOLUME OF SASKATCHEWAN STEERS & HEIFERS BY DESTINATION - 1982 83



SOURCE: SASKATCHEWAN CATTLE MARKET REPORT

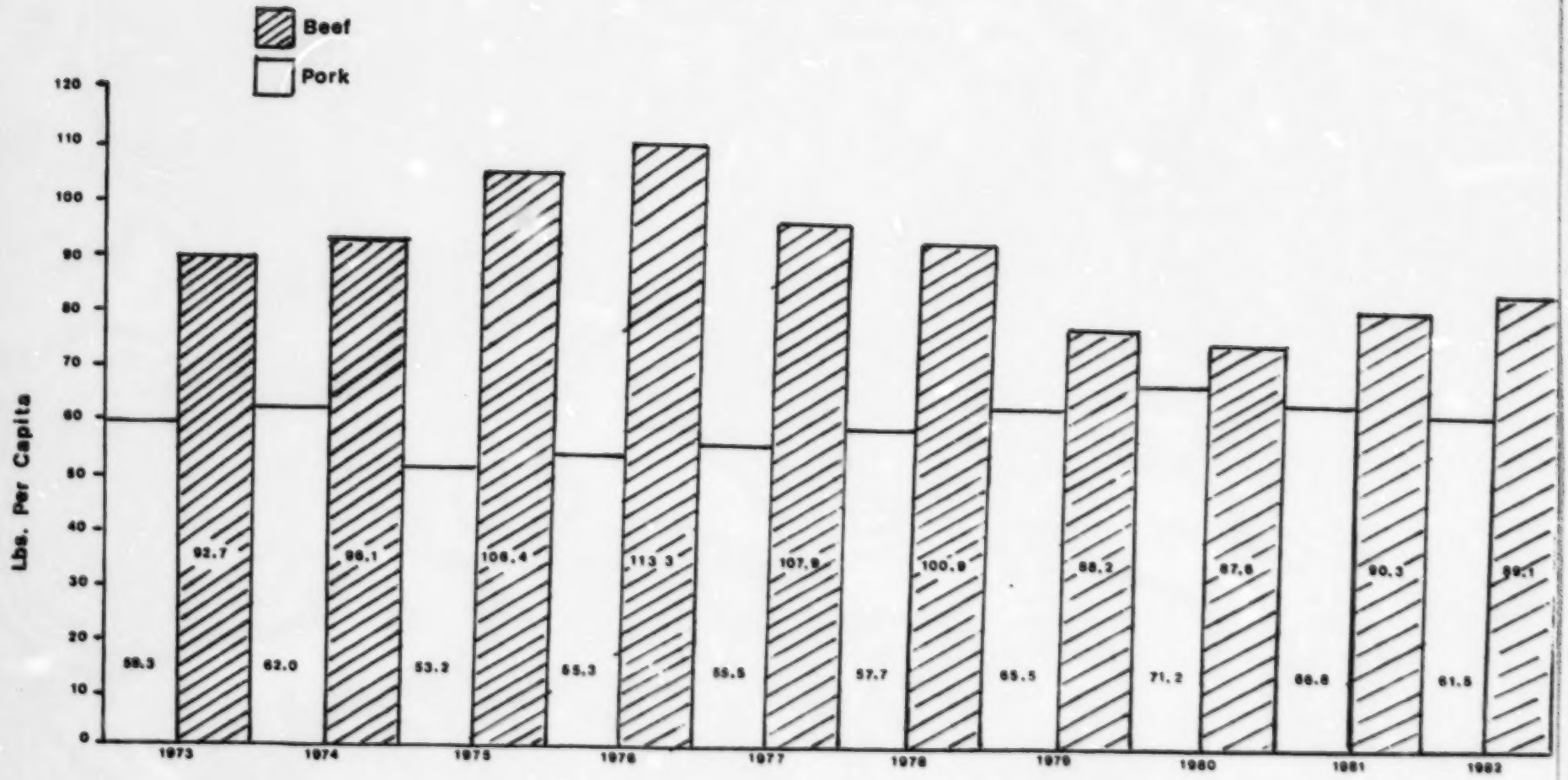
WESTERN CANADA PRICE TREND COMPARISONS 1982-83 (MONTHLY HIGH)



SOURCE; CANFAX & SBSB

PER CAPITA BEEF AND PORK CONSUMPTION (LBS) CANADA

1973 - 1982



Source: Stastistics Canada, Handbook of Food Expenditures, Prices and Consumption

SASKATCHEWAN BEEF STABILIZATION BOARD

FINANCIAL STATEMENTS

For the Year Ended March 31, 1983

OFFICE OF THE PROVINCIAL AUDITOR

REGINA, SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the balance sheet of the Saskatchewan Beef Stabilization Board as at March 31, 1983 and the statements of revenue, expenditure and surplus and changes in financial position for the year ended March 31, 1983. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

W. G. Lutz

Regina, Saskatchewan,
July 8, 1983.

W. G. Lutz, F.C.A.,
Provincial Auditor.

Statement 1

SASKATCHEWAN BEEF STABILIZATION BOARD

BALANCE SHEET

March 31, 1983

		1983		1982
ASSETS				
Current assets:				
Cash		$ 105,735		$ 99,455
Accounts receivable				
- miscellaneous		97,806		129,057
- Cow Calf to Finish Market Insurance Plan		152,673		-
- Producers' trust account		75,449		-
		431,663		228,512
Fixed assets (Note 5)		255,666		3,323
Producers' trust fund assets:				
Cash	$(1,405,949)		$2,405,225	
Term deposits, at cost	2,199,139		2,036,058	
Accounts receivable				
- other	1,874,865		1,367,815	
- Cow Calf to Finish Market Insurance Plan	1,566,881	4,234,936	-	5,809,098
		$4,922,265		$6,040,933
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable		$ 199,238		$ 48,550
Deferred start-up revenue		-		104,704
		199,238		153,254
Producers' trust fund liabilities:				
Due to producers	$4,026,807		$5,458,650	
Due to Cow Calf to Finish Market Insurance Plan	-		283,821	
Other	30,866		66,627	
Due to Feeder Finish Market Insurance Plan	101,814		-	
Due to Saskatchewan Beef Stabilization Board	75,449	4,234,936	-	5,809,098
Equity:				
Surplus		488,091		78,581
		$4,922,265		$6,040,933

(See accompanying notes to the financial statements)

Statement 2

SASKATCHEWAN BEEF STABILIZATION BOARD

STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS

For the Year Ended March 31, 1983

	1983	(3 months) 1982
Revenue:		
Interest	$ 642,646	$112,240
Marketing fees	375,652	90,614
Department of Agriculture - start-up grant	104,704	45,296
- administration grant	225,956	39,937
Insurance commission	18,570	4,087
Licenses	25	475
	1,367,553	292,649
Expenditure:		
Salaries and employee benefits	505,946	88,876
Communications	124,364	32,516
Travel	87,378	3,423
Computer services	68,010	13,196
Directors' honoraria and travel	67,001	23,268
Office supplies	32,580	9,695
Producer information costs	21,383	-
Dues and subscriptions	18,508	-
Accounting and legal	16,904	37,315
Miscellaneous	15,115	5,604
Depreciation	854	175
	958,043	214,068
Excess of revenue over expenditure	409,510	$ 78,581
Surplus, beginning of year	78,581	-
Surplus, end of year	$ 488,091	$ 78,581

(See accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN BEEF STABILIZATION BOARD

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended March 31, 1983

	1983	1982
Sources of working capital:		
Excess of revenue over expenditure	$409,510	$ 78,581
Add depreciation not requiring an expenditure of funds	854	175
	410,364	78,756
Uses of working capital:		
Purchase of office equipment	253,197	3,498
Increase in working capital	157,167	75,258
Working capital, beginning of year	75,258	-
Working capital, end of year	$232,425	$ 75,258
Represented by:		
Current assets	$431,663	$228,512
Current liabilities	199,238	153,254
Working capital	$232,425	$ 75,258

(See accompanying notes to the financial statements)

SASKATCHEWAN BEEF STABILIZATION BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 1983

1. Significant Accounting Policies

(a) Revenue Recognition

Marketing fee revenue is recognized on the basis of slaughter date.

(b) Fixed Assets

The Board records assets at cost less accumulated depreciation with expenditure for maintenance and repairs charged against operations as incurred.

Depreciation is provided on fixed assets over their estimated useful lives using the diminishing balance method. The rate for furniture and equipment is 20%.

Computer hardware and software costs are being capitalized; depreciation will commence when the system becomes operational.

(c) Producers' Trust Fund

The producers' trust fund has been set up to account for receipts from packers on account of beef purchases by the packers from the producers and for making payment to producers, truckers and assemblers.

2. Incorporation

The Board was established under The Beef Stabilization Act 1980-81, C. B-0.1 and commenced operations on January 1, 1982. In accordance with the provisions of the Act the Board's main function is to market beef on behalf of producers and to administer the Cow Calf to Finish Market Insurance Plan and the Feeder Finish Market Insurance Plan.

3. Cow Calf to Finish Market Insurance Plan and Feeder Finish Market Insurance Plan

The Board administers the above plans which form part of The Saskatchewan Agricultural Returns Stabilization Fund established under Section 5 of The Saskatchewan Agricultural Returns Stabilization Act. Stabilization transactions are therefore included in the financial statements of The Saskatchewan Agricultural Returns Stabilization Fund.

4. Related Party Transactions

Related parties to the Board are Saskatchewan's Crown controlled departments, agencies and corporations.

(a) Transactions at market value.

Transactions entered into with related parties for purchase of supplies and services such as telephone and computer services are recorded at normal market prices.

(b) Costs borne by other agencies.

The Board has not been charged with any occupancy costs nor has any provision for such costs been reflected in these financial statements.

5. Fixed Assets

The costs and related accumulated depreciation are:

	Cost	Accumulated Depreciation	1983 Net Book Value	1982 Net Book Value
Office equipment	$ 4,447	$1,029	$ 3,418	$3,323
Computer hardware	176,032	-	176,032	-
Computer software	76,216	-	76,216	-
	$256,695	$1,029	$255,666	$3,323

6. Commitments

In August 1982 the Saskatchewan Beef Stabilization Board entered into a software development agreement with Homestead Computers Ltd. of Winnipeg. The fixed cost of the agreement is $150,000.00, of which $38,000.00 had been completed as of March 31, 1983.

POOR

QUALITY

ORIGINAL